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57-422

24 October 1957

MEMORANDUM FOR THE RECORD

SUBJECT: Proposal for Banking Services in New CIA Building

1. On 22 October 1957 Colonel White and I met with Mr. Edwin T. Holland, Chairman of the Board and President of the Old Dominion Bank, Arlington, Virginia, and Mr. Caldwell C. Kendrick, their General Counsel and Director, who were introduced by Representative Joel T. Brayhill of Virginia, 10th District.
2. Messrs. Holland and Kendrick were interested in our plans for providing banking services at the Langley site and urged that the Old Dominion Bank or its affiliate, the Bank of Annandale, be given consideration. The Old Dominion controls, through a holding company, a majority of the stock of Annandale, which is a State bank located in Fairfax County. According to Virginia law, branch banks providing complete banking service can be established only in the same county as the head office.
3. Regarding the security problems which would result from one banking institution having a large roster of CIA employees, Mr. Holland felt that their mechanical bookkeeping system would make possible a method for numbering accounts whereby employees' names would be kept in the branch office and not be divulged to other than the bookkeepers and cashiers working in that office. It was not entirely clear just how this could be worked out or how secure it really would be, but it did not seem to present an insurmountable problem to Mr. Holland.
4. As to the space available for a banking service, Colonel White explained our space problem and made it clear that any such concession would have to be located outside the building, as presently planned, either in a separate addition constructed out of a supplemental appropriation or in a commercial concessions building constructed with private funds. Mr. Kendrick felt that a proposal to accomplish the latter might be worked out, providing a sufficiently long-term lease was granted by the Agency.
5. As to the type of service to be provided, Mr. Holland clearly favored the provision of a complete banking service to our employees, including checking accounts, paying and receiving tellers, loans, discounts,

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savings accounts, etc. He explained that this would mean the opening of a regular branch by a Fairfax County bank, preferably the Bank of Annandale. We discussed the possibility of opening a so-called "banking facility," which would only provide a check cashing service, and while Mr. Holland said he would be willing to provide whatever we wanted, he made it very clear that such a facility was not profitable and would have to be subsidized either by the Agency or by a service charge to each employee cashing a check.

6. During this discussion we learned that the First and Merchants National Bank of Richmond, which is providing a "banking facility" to the Pentagon, is operating under the provisions of an act passed by Congress in 1863 by which the Army can request special banking services for the benefit of military establishments without regard to geographical location. Mr. Holland pointed out that unless CIA qualified as a military establishment, such "banking facility" could not be provided under this Civil War act, which rather effectively appeared to eliminate any competition from the large "down-State" banks. The First National Bank of Arlington is providing complete banking service to the Pentagon through a branch office there.

7. It was left that we would keep Mr. Holland and his banking organization in mind and would not come to any final conclusions without further discussion. Mr. Bryhill indicated that he will probably be back at some later date with other constituents in the banking business who will also be seeking this concession.

(signed) H. Gates Lloyd

H. GATES LLOYD
Assistant Deputy Director
(Support)

ADD/S:REL:wrp

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